ADVANCED
Management

AUGUST • 1959

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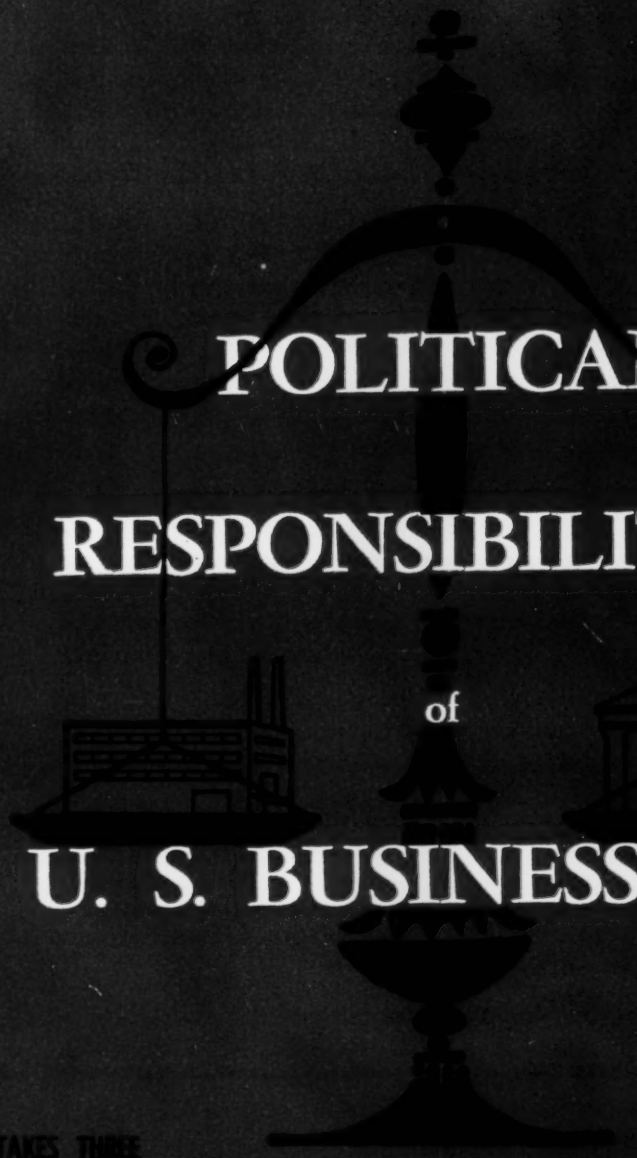
POLITICAL RESPONSIBILITIES of U. S. BUSINESSMEN



TIVE BARGAINING: IT TAKES THREE
OR VIEWPOINT OF BARGAINING PROCEDURES
ZATION THEORY OF HENRY GANTT
PLES OF HARMONY AND THE MODERN COMPANY
UMAN ELEMENT IN MANAGEMENT'S ROLE

Leadership Development Workshop

The S.A.M. Western North Carolina Chapter will host for the second consecutive year the S.A.M.-N.T.L. Workshop In Leadership Development, in a six-day meeting on October 24-30. The famous Grove Park Manor, located at the foot of the beautiful Smoky Mountains, has been selected as the site for the Workshop.

Previously conducted by S.A.M. Chapters in Cincinnati, San Francisco, and Milwaukee, this Workshop has gained national recognition as one of the most effective methods to be devised in the area of management training. It uses the "laboratory" method of training which stresses the technique of giving participants a chance to learn more about themselves and to practice leadership skills in an environment which simulates on-the-job conditions. The Workshop consists of three main parts:

- A leadership Laboratory where groups of 15 under the guidance of a staff trainer study various behavior problems within the group for the purpose of increasing their understanding of group relations, improving skills of leadership, developing greater insight, and acquiring a better understanding of the behavior of others.

- Skill practice groups, where individuals have an opportunity to work on job cases and to analyze human relations problems through demonstrations.

- Information sessions, where the staff, through informational lectures, explain some of the things happening in the Laboratory group sessions and also bring up-to-date information on findings in the field of social science research.

Registration fee, including tuition and all Workshop materials, is $250; room and meals are extra. Registrations, which are limited to 60, will be accepted on a "first come, first served basis." To register, or to obtain more information, write to Mr. Francis M. Gilman, c/o American Enka Corporation, Enka, North Carolina.

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ADVANCED Management

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President's Message

Communications Key

At a recent meeting, several executives worked on a program for the better part of a day. A week following the meeting, three of the participants set into motion actions which were almost exactly opposite to the conclusions I and some others had reached as a result of the conference. Why had men of intellect, good will and dedication, come to such different conclusions from the same information? This experience has suggested some ideas on problems of communications.

More and more we are advancing in the area of technological communications. Data processing, through the newest instruments in the electronic computer field, makes information available almost instantaneously, yet it is often delayed when transmitted through people within our organizations. No matter how rapidly we process data, they cannot be translated into action any faster than the slowest manager in the communications link within our companies.

Many great scholars and students have expanded on the subject and the last word is a long way from having been written. However, ADVANCED MANAGEMENT is a communications medium itself and since, as scientific managers, we are always seeking new and better ways to achieve communications, I would apprecate your allowing me to share some thoughts with you.

The American author, Thoreau, once wrote, "It takes two to speak truth — one to speak, another to hear." No matter how right we think we are on a certain issue, if we are unable to communicate it to someone who must act upon it successfully it really has no meaning. This, I suspect, requires not only knowledge of one's subordinates, but a responsibility for helping them in their understanding of what you mean when you speak to them as their boss.

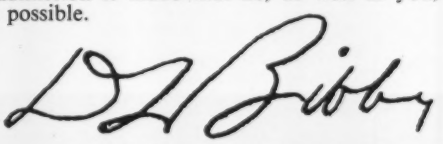
A study just published after ten years' research by the Conservation of Human Resources Project at Columbia University reveals some insight into why some men failed in the Armed Forces. It provides an important lesson for management. Most manpower failures in the Army occurred not in combat, but in non-combative situations and most of these occurred in units with ineffective leadership. Men failed when they were kept in the dark about what was going on, when they did not have access to their leaders or when the leaders were indifferent.

In the February issue of ADVANCED MANAGEMENT, Dr. Jackson, writing on "The Organization and Its Communications Problem," said:

"Communication between superior and subordinate often has consequences which neither of them anticipates nor welcomes. It is especially difficult to avoid problems of misinterpretation or ineffectiveness in this area.

"A study was conducted in a public utility company, where it was possible to vary experimentally the kind of communication supervisors gave their subordinates. People became anxious and threatened in response to two different conditions: when communication from their supervisor was unclear, and when the supervisor was inconsistent in what he said from one time to another . . ."

A great teacher of communications, Dr. S. H. Hayakawa often speaks of these *communications deadlocks*. This is when talking and shouting go on for sometime but communication does not take place. Why? — Because each person is so defensive, each is so threatened, that neither is in a condition to open up and receive any information or news or contrary evaluations. He suggests one of the ways to break a communications deadlock is through what he calls non-evaluative listening. In plain language, it means listening without arguing back, listening in order to understand how the problem looks to the other fellow and why his resistance to your idea makes sense to him even if it doesn't make sense to you. When a supervisor listens to a subordinate, instead of trying to shove things down his throat, he is permitting messages to come through. Nothing is so relaxing as being listened to and it helps the other fellow moderate the rigidity of his defenses. When this happens there is a direct reflection in the attitude of the people communicating. One of the most important points in this relationship, suggests Hayakawa, is when you are able to say: "I don't agree with you, but I can see why you believe as you do. I can see why you feel as you do." When you say this, you are admitting the other individual into the human race. Once this admission is made that he, as well as you, has rational processes, communication is possible.



DAUSE L. BIBBY, PRESIDENT, SAM

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the POLITICAL RESPONSIBILITIES of U. S. BUSINESSMEN

by William L. McGrath

HE AMERICAN BUSINESSMAN, SAYS ONE OBSERVER,

AS PRACTICALLY ABDICATED HIS CITIZEN'S RIGHTS

William L. McGrath, chairman of the board of the Williamson Co., Cincinnati, O., is a former U.S. Employer Delegate and member of the Governing Body of the International Labor Organization at Geneva

UP UNTIL RECENTLY, businessmen thought they had no time to concern themselves with politics. Too many people used to think that politics had to do with things like kissing babies and helping somebody get a job—and even with corruption.

Today, however, businessmen are becoming much concerned about political trends. They see laws proposed which threaten the interplay of competition and point toward government regulation or even nationalization of industry. They see taxes rising year by year as political expediency calls for more giveaway programs in the name of security. They see the nation going constantly deeper into debt; with the appalling prospect of federal insolvency. They see organized labor wielding a political influence all out of proportion to its actual voting representation. They see the underlying structure of our whole business system—a system based upon privately owned, competitive enterprise—challenged by socialistic theories which are today seriously considered by "liberal" Senators and Congressmen.

Yes, today businessmen *are* concerned about politics—concerned and alarmed. They feel that they should be *doing* something about it. But what should they do?

The first step is to get rid of that old concept that there is something "shady" about politics.

Let's start from the ground up on this subject. Just what is politics?

The Century Dictionary defines politics as "the science and practice of government." Now certainly there can be no higher profession than the science and practice of government. Certainly every citizen, including businessmen, should be strongly interested in the science and the practice of the government under which we live—because that is what determines in the long run our future opportunities as individuals. What opportunities would individuals have if private enterprise business were destroyed?

Now let's think about the word politician. When you say "politician" some people think of a man on a soap box waving his arms and promising people that he will get them something for nothing. Well, unfortunately, there are politicians of that sort, as we all know. But there are other kinds too.

It may be that when history is written several hundred years from now, the historians may say that Abraham Lincoln was the outstanding figure of the 19th Century and that Winston Churchill was the outstanding figure of the 20th Century. Now these two great men had one thing in common. They were both politicians. They both entered politics at a very early age. As a matter of fact, every president of the United States and every prime minister of England has been a politician. So, when we talk about politics, we are talking on a pretty high level.

I want to go back to Abraham Lincoln for a moment. Lincoln talked about the government of the people, by the people and for the people. Today I want to ask the question—what people?

Well, the people who make their wishes heard and felt are the ones who get attention. The people who say they don't care anything about politics and don't want to be bothered with it are the ones whose wishes and interests are neglected or ignored.

So what's been happening in recent years? Let's be frank about it. Organized labor has organized for political action. It has used for that purpose the same machinery that is available to all of us. It has become the most powerful single political influence in the United States. The organization known as COPE carries more weight in the Congress of the United States than any other organization in the country. Why? Because organized labor has worked in politics, while businessmen and other citizens said they were not interested in politics. Most businessmen thought they were interested only in business, and so businessmen have practically abdicated their rights as citizens. They have been sitting on the side lines, while other people with special axes to grind have been getting bills passed favorable to them but in many cases, unfavorable to business. What happens in the long run is determined not so much by what businessmen manufacture, as it is upon how people think.

While we have been busy making products, a lot of other people have been busy saying words that will in-

(*Continued next page*)

fluence people to think along the lines that the word-makers want them to think. They have influenced politicians and voters.

When you go to work in the morning, you are concerned with a special, concrete problem — the design of a product, or the layout of a plant, or the set-up of the sales organization or the purchases of materials. But the world is full of people who actually do nothing but use words.

The head of a union does not have to concern himself with his or his shareholders' investment, with capital equipment, plant layout, product engineering, packaging and so forth. He works chiefly just with words. He can spend all day long figuring out what he should say, and what he should get into print to influence people to his way of thinking.

Teachers, ministers, newspaper reporters, editorial writers and columnists, TV and radio commentators, all are putting forward ideas with a particular slant to them. Those ideas influence votes, elections and legislators and congressmen. They are the basis for political power—they determine in the main the way the country is going.

Most of these union men, and many educators, ministers and writers, are not aware that business is the basis of all taxes and without taxes no government can function. Many of these molders of opinion would destroy business, would destroy the source of jobs and wages, would kill the goose that lays the golden eggs. Businessmen make jobs. But some people do not grasp this truth. They must be told. One of our political jobs, therefore, is that of education.

We are confronted with misrepresentation or twisting of facts to meet special purposes. We see people voting on issues against their own best interests. The reason is they haven't got the facts straight. In that connection I want to quote briefly from Dr. Claude Robinson, of Opinion Research Corporation, who is really an authority on the subject of the molding of public opinion. Dr. Robinson says:

"It can be demonstrated that when you take the ideologies of people with different informational levels, you always find that the ideologies swing to the right as the facts are clearer in people's minds. That is demonstrable over and over again. It doesn't make any difference what income groups or what age groups or what educational groups they are; that basic principle holds. The more people know about the capitalistic system, the more they believe in it."

And then, after we have given people facts so that they can understand them, the other job is to see that they get out and vote on Election Day.

The minute anybody mentions politics people always start thinking in terms of Republicans or Democrats. Now, that's all right. The science and practice of government in the United States is handled on the two-party system, and to a certain extent on the basis of party responsibility; and our system has proved to be better than that of countries like France of recent times, which had so many political parties that it couldn't get anything done.

As far as the individual is concerned, I think he should concern himself with issues and with trying to get more votes for capable men who have sound views on the political issues involved.

As a matter of fact it is pretty hard to tell today what is meant by Republican and what is meant by Democrat. Both parties are split right down the middle. On many subjects there is great disagreement within the parties.

I think this gives businessmen the biggest opportunity that we have had in years. Political leadership in this country, right now, is very much confused. So let's all go to work at it and see what we can do to get thinking going in the direction which we believe is right.

This isn't going to be easy. I said before that a lot of people are laboring under misconceptions. There are so many things that people just don't understand. For example, I think if you would ask the ordinary man on the street whether he thought Social Security should be increased, he would say yes. Then if you asked him if he thought taxes should be increased, he would say no. A good many people actually don't seem to understand that government can pay out only what the taxpayers pay into it. People seem to think that government somehow possesses billions of dollars of its own.

Now, action in politics (that is, vote-getting) has certain established procedures and methods which have been developed by trial and error over the years. Organized labor has commandeered these procedures and methods. A good many of us know little about them. But, on the other hand, businessmen have had considerable experience in promotion. They put on successful sales campaigns for their products. They have put on community fund, Red Cross and hospital campaigns. We all have been schooled in the techniques of these campaigns. If we apply the same hard work to learning the techniques of political campaigns, we can do a great public service.

We may think we are amateurs, but I am not so sure. For example, let's just take one theme—economy in government. Suppose we started out to sell economy in government the way we sell the community fund, or the way my company sells furnaces, or the way your company sells its products. Why shouldn't we? If we don't get economy in government, sooner or later all of our companies are going to be ruined by confiscatory taxes.

Here's another angle. Everyone of us has sales outlets. Do we know them personally? Of course we do. We give them help and recognition and back them up every way we can. But what do we do with out congressmen, our senators, our state legislators and our governor? We write indignant letters to them when they do something we don't like, but do we praise them for right action and encourage them when they are maligned by their traducers? That's a field that needs attention.

Let me quote two sayings of Abraham Lincoln:

¶ *"You can fool some of the people all of the time; all of the people some of the time; but you can't fool all the people, all the time."*

¶ *"Give the people the truth and they will follow with right political action."*

Where do you start? *Right at home.* In the grass roots. In your own community. Working with people who, like you, feel it is time that businessmen *did* something about it. Organized labor has done it—why can't you? ■

IN THE COLLECTIVE BARGAINING PICTURE,

by LOUIS YAGODA

IT TAKES 3 FOR MAXIMUM PRODUCTIVITY IMPROVEMENT

IT TAKES THREE to get the most out of productivity methods within a collective bargaining relationship: management, worker and union. To understand why and how, it becomes necessary to look rather more closely than has been customary at the methods and goals of union-management relations. (My statements assume that the union is an established collective bargaining component in the relations dealt with; also that my purpose is to advise management how to make the management-labor marriage more productive, rather than to build the case for a divorce. You may occasionally think that it would be more useful to tell unions how to be different than to tell you how to deal with them as they are. But that would be another topic and for another audience.)

Mr. Yagoda, who delivered the accompanying text in an address at the Annual SAM-ASME Management Engineering Conference in April, is director of the New York City District, New York State Board of Mediation.

It is, first of all, necessary to bear in mind the underlying conflict nature of the relations between union and management. The establishment of the relationship itself grows out of opposing positions, is fought out in open expressions of antagonism, and reaches a temporary balance with compromises that are admittedly tentative. The stated period of truce established in the collective bargaining pact expresses in many ways the differences between the parties, as well as their agreements, and also their hopes for seeking new victories against each other in the future appointments they have made for further rounds of battle. The contract has in the grievance procedure not only a means for adjustment of differences but, especially in the early stages of the relationship, also a method of contesting for the most advantageous definition of the contract clauses and for continual exercise in testing the equilibrium. The contract relationship is continuously colored by the anticipation of this scheduled and inevitable return bout. Of course, most negotiations are settled without strikes, but never without an evaluation and a posing of the respective abilities of the disputants and their opponents to man the strike battle stations.

The fact is that a union does come between the employer and his employees, as is so often and so bitterly charged by management. In a collective bargaining relationship the presumption is that the employers and workers can deal with each other on the worker-management transaction, only through the union, and significant changes in work or its rewards must come through the mechanisms of the periodic negotiations war or the grievance skirmishes during the contract period. The worker joins a union because he expects the union to do something for him. The union in turn has its own needs as an institution. It is more than the sum of all the members' needs for improvement of conditions. It has its own identity as an organism seeking survival and growth. The product which justifies it is the stated mission of the institution: improvement of the lot of its constituents. These improvements can be paid for only by the employer and

(*Continued next page*)

must be wrested from him. Changes in production technique, in job content and in method of compensation are fair game for the bargaining war.

When Frederick W. Taylor testified in 1912 before the House of Representatives, he averred that the mere existence of a better way of doing things and consequently better returns would end all quarrels. He said that, under scientific management, "the surplus becomes so large that it is unnecessary to quarrel over how it should be divided . . . there is ample room for a large increase in wages for the workman and an equally large increase in profits for the manufacturer."* He failed to reckon with the fact that (in addition to the dispute over the change from the accustomed way of performing a job) there can be a great difference of opinion as to how much and whether at all the increased return should be divided between wages and profits. The fact is that employers would like to keep a great part of it and unions would like to get for their members more than has been allocated for them by management.

Assuming that the industrial engineer acting for management wishes to elicit the support of employees for productivity improvement, how must he deal with the problem in a collective bargaining relationship?

The question assumes an agreement on the weaknesses of the authoritarian approach. Yet, too many of those who would not ordinarily countenance human relations by dictum, admonish management to "lay down the law" when the union is involved. They are against employee consent, worker participation and union cooperation. They say, don't get caught in mutual consent clauses. Insist on language in your management-prerogative clause which will enable you to make unilateral changes not intended by the rest of the contract. If anything is written on the subject, insist that it covers the deduction of pay for sub-standard work (rigidly defined), automatic dismissal if the employee falls below a 90% standard and the repricing of incentive standards whenever they turn out to be too remunerative. Narrow the grievance and arbitration clauses so as to permit no second judgment on time and motion standards, job evaluation, etc. It must sometimes be exasperating to an employer engaged in an arduous attempt to work out a contractual adaptation with the union, to be exhorted to pepper the union with ultimatums to keep out of his affairs. For the union *is* in his affairs, under orders from the people who do the work, to be concerned with the kind of effort required of them and how much they are paid for it.

Another approach utilizes the "human relations" theme — but as if the union were not present. Show the worker you care. But the union is under an obligation to show that it cares too. Indeed, the employer who cares too much may find himself guilty of having performed a "unilateral" (an important dirty word in the union lexicon) bit of generosity. It may even turn out to be an unfair labor practice. The labor relations law looks with suspicion under certain circumstances upon an employer who gives something to his employees instead of giving it to the union to give to the employees.

There is a growing group of social psychologists who recognize that in influencing workers to attain productivity ends, account must be taken of the fact that the union mechanism stands between the employer's mouth and the employee's ear. But many of these have attempted to transfer the whole baggage of ego-motivation, group participation, inter-group dynamics, and people-are-people love stuff to the collective bargaining room. The fact is that collective bargaining relations cannot be fitted into the techniques used in "winning the conference" in a hierarchical business group, or into the intra-group mock conflict derived from adult education self-expression on issues of the day or on the Great Books. Nor is it a workout in self-revelation in which the boss either plays the role of an aseptic counsellor or joins the others on a multiple couch in "group therapy."

I hope the vigor of my characterizations in the foregoing is not confused with an attack on the importance of inter-personal relations and the effect on them of basic human motivations. Stated simply, communication with a union with an authority of its own and a mission of its own fulfilled by acting in opposition to management goals, is not the same as a boss convincing a worker that a better way of turning out products may be good for both of them. In a collective bargaining situation union motives cannot be ignored. Although unions are people, the personalities are linked in bonds which stretch out great distances from the bargaining table.

Well, what does the union want? Above all, the union leadership must feel that it is taken into the confidence of the employer on any significant moves affecting the way people work, the way they are treated, and their compensation. The union retains its popularity and acceptance, if it consents to changes which are attractive to the greatest influence within the union. This influence may be expressed by the need to divide the rewards equally in a union in which there is a wide and articulate membership influence on decisions. Or in an uneven distribution of benefits when a small leadership center, possibly a high-paid craft segment, dominates both decisions and elections. Obviously, a change which will widen the differential between wage returns will be reacted to in one type of union differently from that in another.

• 'Red Circle' Rates

The convention of steady, measurable advances in conditions which can be compared to those gotten elsewhere by unionists is now a well-established procedural imperative of union collective bargaining. The union must show that, on its own initiative, because of its own enterprise, leadership and strength, it brings about periodic increments of improvement in the lot of the workers. An illuminating dialogue is devised by Mr. Bertram Gottlieb, Industrial Engineer of the AFL-CIO Department of Research, in the July 1958 issue of the *American Federationist*. Mr. Gottlieb, in attacking job evaluation, points out the trouble caused by "red circle" rates under job evaluation systems. Those workers who find themselves at a rate in excess of the job evaluation ceiling will have their rate protected but will probably not get future wage increases. He says that the man who will fail to get the general increase will say, "I paid my $3.50 monthly dues. I have as much right to that pay increase as the next guy." Management may reply, says Mr. Gottlieb, "But you were given the

* Quoted in F. B. Copley, Frederick W. Taylor, New York, Harper, 1923, p. 11 and in Kornhauser, Dubin and Ross, Industrial Conflict, p. 360.

benefit of a higher rate all last year." The worker will answer: "That was last year. I paid my dues this month." Note how the dialogue, although between the management and the worker, makes management responsible for the complaint of the member against the union. For the fact is, that the $3.50 dues was paid to the union, not to the management. But the complaint against the union in this type of situation necessarily becomes the union complaint against management.

The union expects also that there will be included in the considerations, criteria which move union members and strengthen their organization. The International Association of Machinists, in its attack upon job evaluation, (What's Wrong with Job Evaluation, Research Dept. I.A.M., Washington, D.C. 1954) complains that it limits the collective bargaining function of the organization so that it "affects the strength and structure of our organization." Job evaluation, says the IAM, fails to consider "all forces which determine wages, such as supply and demand, other contract or area rates, etc." It will thus be seen that the union does not like the idea of having a predetermined relationship between jobs and job rates which will not enable the union to take account of demands of the members as influenced by internal pressure determinants and external considerations of competition with other unions, effects of wage increase patterns, wages for comparable jobs outside the plant, etc. Disagreements between the bargainers, says the union, should be settled by the "give and take" of collective bargaining. Job evaluation, it feels, "dissipates" the allegiance of the union member so that he "will not follow the union in other areas where his support may be vitally needed." "The traditional objective of organized labor is that a job is worth as much as you can get for it." Much the same kind of objection appears in union literature on time study methods of wage determination. Those who have been expressing the union point of view object to the labelling of these techniques as "scientific." They see this word used as a synonym for a sacrosanct finality that takes the subject out of the collective bargaining area. To support their position, they point out the many variables that go into establishing comparative ingredients and point values in job content and the many judgment factors which can significantly affect a time-study result.

As unions see it, when management establishes a "rational" relationship between job content and wages, between tasks performed and their time and wage values—the battle between wage returns and profit returns does not end; it may be obscured. The conflict then may include not only "how much" but also "how to."

• The Boss-Worker Relationship

In actual practice, are there areas in which there has been joint management-union attack on problems of more effective operation? In the first place, there is a sub-stratum of worker-boss mutuality which survives collective bargaining. This is partly traditional, partly rooted in the basic attachment of the inhabitants of the workshop to each other, and is unchallenged by the union because it at the same time benefits its constituents and represents no threats to the institution. Examples of this kind of cooperation are safety promotion and elements of mutual plant citizenship (such as keeping the work place clean and cooperating in a luncheon venture). These activities come very close to methods improvement when they concern themselves, for example, with reduction of waste. This area of cooperation serves at least to show that collaboration is possible which is not subject to exploitation as collective bargaining ammunition by either side. It should be pointed out also that, as the recent studies of dual allegiance by the University of Illinois have shown, the worker himself generally does not feel that he must choose between the union and the employer. He expects them both to produce for him and be served by him in their relative spheres. This suggests that a way can be found in collective bargaining relationships which will elicit a response from the union while at the same time utilizing the traditional relationship of the employee with the boss.

Do unions collaborate with management in overall productivity improvement programs and if so, under what circumstances? Looking at the current scene, these generalizations may be made from the information available:

- There has been extracted from the methods of scientific management much of the scare content which was typical of the reaction of unions and workers through most of its early history. I believe this is partly a result of greater enlightenment and "professionalism" among union leaders. As Professor Lester points out in his book "As Unions Mature," part of the process of the development of union leadership in influence, prestige and power has included imitation of the ways of the business community to the point of understanding and acceptance of business accounting methods and business administration skills. Some credit for this development should go to management for having learned how to bring both the worker and the union leader into its confidence. The human relations vogue, in spite of its exaggerated claims, has at least caused those who dwell in the industrial culture to become more aware of each others feelings and needs, rather than to be absorbed in their own only. More and more the conflict is over returns rather than resistance to change.
- Unions in certain highly competitive industries, plagued by threats from non-union competition as well as between their own organized units, have cooperated affirmatively to keep their people at work. This is true of textiles, clothing and millinery.
- In one or two quarters, there has been a positive attempt by unions to demonstrate both their technical competence and their "statesmanship" in showing the way towards rationalization of production without injury to union position and union gain. This is notably true in steel.
- In general, the most active cooperation by unions with management in productivity improvement has been in companies which have been threatened economically.

• Conditions for Joint Effort

Professor A. Howard Meyers of Northeastern University, in his very revealing study, Crisis Bargaining, Management-Union Relations in Marginal Situations (Northeastern University, 1957), reported certain conclusions after examination of experiences of four companies with their unions in joint action for rescue of the business. I believe these have some general applicability. These investigations affirm

(*Continued on page* 27)

a spokesman for

one of the nation's

biggest labor groups

renders a

LABOR VIEWPOINT ON COLLECTIVE BARGAINING

by David Lasser

COMMENT FROM MANAGEMENT

When asked to comment on views expressed in the accompanying article, General Electric's Virgil B. Day stated that, in spite of Mr. Lasser's opinion of the soundness of GE's approach to collective bargaining, two facts stand out. First, he said, the successive GE-IUE collective bargaining agreements executed since the formation of the union in 1950 have brought IUE members steady pay increases and several pioneering benefit improvements. Secondly, he added, serious pay losses to IUE members as the result of major strike interruptions have been conspicuously absent. Mr. Day said that he feels the accompanying article "greatly misinterprets GE's approach," and has offered to make supplementary observations in a subsequent issue of ADVANCED MANAGEMENT.

This problem must be faced as engineers meet other problems, with frank, scientific objectivity. To deal with it on the basis of pious platitudes is to mislead ourselves...'

David K. Lasser is economics and research director for the International Union of Electrical and Machine Workers, IUE, AFL-CIO

THE QUESTION of collective bargaining — its techniques, its forms, its results — has assumed increasing importance and has aroused increasing public interest in recent years.

Yet, among the public or even many people in the professional world, there is little understanding of the actual processes of collective bargaining.

Under the law of the land, unions that have been certified as the collective bargaining agent for employees in a given unit—whether it be a plant, or section of a plant or a corporation—represent all those employees in bargaining on wages, hours and working conditions. Employers have a legal obligation to "bargain in good faith" with such unions.

The largest number of collective bargaining negotiations, involving 99.80% of the workers, are conducted so quietly that the public rarely learns of them. Solutions are reached which may not satisfy everyone, yet they represent the best judgment of both parties as to what is practical and realizable.

Public attention becomes focused on the larger or more dramatic negotiations in key industries where great aggregations of capital and tens of thousands and even hundreds of thousands of workers are involved.

Here the public often gets a confusing picture and in many cases is unable to fully understand just what is going on.

When disagreements result, and sometimes strikes are called, the press and the employers attempt to place the responsibility upon "greedy" and "power-hungry labor bosses".

What is the collective bargaining process, under what conditions does it operate and how best can it be carried on for the benefit of all concerned?

This problem must be faced as engineers meet other problems with frank, scientific objectivity. To deal with it on the basis of pious platitudes is to mislead ourselves and others and to avoid finding necessary solutions for difficult and complicated matters.

The process actually starts many months before negotiations begin. Unions through their various bodies start discussions on what issues they are interested in. Union economists begin work on various types of programs; negotiating or bargaining committees sift proposals and at last, through the union machinery, a set of demands is arrived at. The negotiating committee is usually elected either by the local membership or by the delegates who are chosen from the various locals if the matter involves a number of plants.

In turn, industry negotiators will be sifting their own proposals, carrying on managerial discussions, and finally arriving at its own position which will be finally adopted by top management.

In many cases the issues will be arithmetic — that is, how much of a wage increase, what changes in holidays or vacations or pensions the union will ask; or what changes in production schedules, working rules, etc., the management will ask.

But in many negotiations, especially with rapid changes in science, technology, and social affairs, issues have a principled significance—such as that involving the introduction of company-paid pensions ten years ago, or the recent question of employment security provisions such as supplementary unemployment benefits and shorter hours of work.

Many industry commentators often point to union demands as "extravagant" or "revolutionary" and blame "union bosses" for them. Two points should be made:

- Unions recognize that if they are seeking a new principle, they must often put it forward several years before it can be achieved. Time is required for the new principle to acquire public understanding and acceptance and for management hostility to a new idea to be reduced. Therefore, of necessity, many proposals must be put forward in advance of actual expectation of their adoption.
- Each local leadership responsive to its own membership has presented its own "demands" that the local leaders must try to have adopted as part of the overall program. The national leadership has the task of taking all these local demands and somehow bringing them down to a practical overall proposal. In this process many local groups will inevitably be made unhappy. Thus the "union boss" often

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has the job of toning down a host of local demands.

Within the ranks of management it is likely some of the same processes take place. Some department managers may have pet projects they would like to have adopted that responsible management must tone down.

Union officials and employer officials, no matter how well intentioned, approach the collective bargaining table in the first instance from the point of view of those they represent. To do otherwise would shorten their tenure of office.

This so-called "conflict of interests" is natural and human. It is not a matter of "class interests," nor is it peculiar to labor-management relations. It goes through all phases of our much stratified life—whether it be between husband and wife, seller and buyer, between officials of a corporation, public officials and different segments of the public.

So long as the solution to this conflict has as the overriding background our democratic American way of life, expression of differences of interest is healthy.

Naturally, enlightened labor leaders and corporation officials must of necessity give due weight to the welfare of those they do business with and to the public interest—just as most other groups where such conflicts take place. To do otherwise is to provoke retaliation from the party who has been imposed upon. It will either strike back to restore its rights, or its leadership will be changed to get better protection of its interests.

In presenting their case, both parties will attempt to support it by economic and statistical material and demonstrate the relationship of their position to the public interest. The increasing use of this factual material is an encouraging development for it tends to put the emphasis upon appeals to logic and justice rather than to the economic or financial strength of the protagonists.

In spite of the exaggeration of the various claims, the public does in the process secure an economic education and is able to begin to determine for itself the soundness of the respective positions.

Prior to negotiations and in the early stages both parties will be "feeling out" the position of the other, trying to determine how serious it is about its demands, and how strong it may be in any conflict to enforce them. Both parties will attempt to cultivate public opinion to secure allies and ensure the morale of its own forces.

These moves do not necessarily assume that there will be conflict. But prudent people, charged with the responsibility for protecting the interests of those they are legally and morally bound to represent, could not do otherwise.

Thus in this imperfect world, the parties may approach the bargaining table far apart.

Once negotiations are underway, both sides, if they are responsible, attempt to discover what means might be used to reconcile their differences. They may well realize that they cannot secure all their demands, but they feel as in international negotiations, maintenance of the strength of one's position is of vital importance.

In the minds of both parties is not only the immediate result of these negotiations but their effect upon their future relations. The union may feel that if it backs down too early and too easily, the corporation may seize upon that as a sign of weakness. And not only will the gains from these negotiations be reduced, but its future position may be undermined. The corporation representatives may feel the same about an early or substantial retreat from its position.

Both parties may thus come down to the deadline with major issues unresolved.

What are the parties to do after they have gone through the process of collective bargaining and failed to achieve an agreement? Again the decision will be influenced not only by the effect on the present negotiations but upon future relations.

The problem is not something that can be put into a computer and an easy answer obtained. Big negotiations that involve large numbers of employees and powerful employer groups are affected by complexes of employees' attitudes, community attitudes, cross currents within corporations, relations between employers, struggles for power both within corporations and unions, and even state or national politics.

The Federal Mediation and Conciliation Service or a state service may be called in. But, if the issues are of great importance and the parties are powerful, the service can do little more than keep the parties talking and often it fails to do that.

The employees may as a last resort elect to withdraw their labor and let the matter be settled by a test of economic strength and by public opinion, by means of a strike.

Employers always claim that since it is the union that "calls the strike," the blame can be fastened upon it. Yet under our system of labor relations, barring third party intervention, it is both parties that "call the strike."

In his article, "Objectivity in Collective Bargaining," in the March 1959 issue of ADVANCED MGT., Mr. Virgil Day, former Manager of Union Relations for General Electric and now in charge of Public and Community Relations, deals with this problem.

Mr. Day seems to find the whole process of collective bargaining to be untidy and even distasteful. He characterizes it as "haggling over some trinkets in a flea-bitten eastern bazaar." As he puts it, there is something dishonest about the give-and-take of the process.

A company, he declares, should study the facts available, make up its mind as to what it should do, and then make an offer on which it is prepared to take a strike if necessary. This is exactly the position of General Electric in its own negotiations with its unions.

Now, this so-called "haggling process" that is part of normal collective bargaining is also part of many other phases of our life. GE uses it, for example, in fixing the price for many new products. By a form of "collective bargaining" it may offer products at various prices unfil it finds the best price it can get.

Officials within a corporation, whether GE or any other, engage in this process to reconcile their own differing viewpoints and even conflict of interests. Public officials do it, and certainly it is part and parcel of our relations with other nations. The "collective bargaining" that has recently taken place between our allies to fix upon a position to deal with Russia is well known to every newspaper reader.

Therefore, it does not make a contribution to an understanding of col-

lective bargaining to take a pious attitude toward a human, natural and even inevitable process.

One of the best descriptions of the GE position on this was made by the noted arbitrator, Professor Benjamin M. Selekman of the Harvard Business School. Writing in the Harvard Business Review of October 1958 on "Cynicism and Managerial Morality" he has this to say:

"An outstanding example of cynicism is the managerial strategy represented by what has come to be known as Boulwareism, named after a General Electric vice president, Lemuel R. Boulware. It is based on these principles:

- *"Management knows best what should be done for its employees.*
- *"It should therefore make up its mind prior to any negotiation what should be the maximum offer.*
- *"It should refuse to recede from or alter this offer in any substantial way.*
- *"It should take a strike, if necessary, and hold out until the union capitulates."*

An example of this GE policy in action came in the negotiations with its unions in the fall of 1958. The *only issue* open for bargaining then, in the middle of the five-year contracts that had been signed in 1955, was that of employment security. The employment security problem was particularly acute then, since the 1957-1958 recession and GE's decentralization policy had created considerable hardship among the employees and the communities.

Our union—the IUE—presented an 8-point program that represented the wishes of our membership on what could best meet their needs.

We invited Mr. Day and his associates *to make counter-offers if they disagreed with our program.*

Mr. Day and his associates had only one proposal—that the employees take a cut in the pay and benefits due them under the contract and invest up to 6% of their wages in bonds and GE stock. The corporation would then use the monies saved as a result of the wage cuts to supplement the employee contribution. This, it admitted, would not cost the company anything.

Further, it admitted that the proposal did not represent employment security and, therefore, was not open under the terms of our agreement.

GE informed us quickly that this was the *only offer open*—that it had no proposals on any other subject and no counter-proposals or modifications of our 8-point program.

Efforts of the Federal Mediation and Conciliation Service to continue the meetings met with the refusal of the company, unless the discussions were on the company proposal.

The various unions rejected the company proposal and it was put into effect only for the unorganized employees.

I am not attempting here to assess the pros and cons of GE's proposal or our demands, but merely to illustrate the operations in practice of GE's approach so ably put forth by Mr. Day.

Since GE has been trying energetically, as exampled by Mr. Day's article, to "export" its approach to other companies, it naturally feels itself obliged to demonstrate how successful it is in operation.

What a great hue and cry would come up from the press were unions to adopt the GE policy and say in negotiations: "We have studied what is properly due us. Here is our proposal. We will be glad to hear what you, the employer, have to say and we will carefully consider it. But you might as well realize that unless our proposal is accepted we will strike."

And one might well wonder what might happen if all unions and all companies were to adopt the GE policy—and each were to confront the other with take-it-or-leave-it proposals. Does Mr. Day seriously think that in our present day world there would be a quicker reconciliation of interests? Or rather would there not be a vast outbreak of strikes with both parties feeling bound to support its position by energetic action?

Professor Selekman has this further to say:

- *". . . Is it not a fallacy to assume, as does Boulwareism, that management can look out for employee welfare better than can union officials? In an age of specialization, management must have as its primary concern the economic health of the business as shown in profits; unions, the welfare of their members. The latter is not an easy job in a competitive world where industry must continually adjust to new technologies, shifting markets, or periods of recession, and where the workmen must be transferred, furloughed, demoted, and even discharged."*

The GE concept outlined by Mr. Day approaches close to the doctrine of infallibility. Very serious results flow from such an approach whether by a corporation or political or union leaders.

Surely one of the first requisites in "Objectivity in Collective Bargaining" is not to blind ourselves to our own prejudices, organizational loyalties and personal biases.

Mr. Day feels that the process of collective bargaining frequently results in "little more than a vaudevillian burlesque."

This is a harsh indictment of the effort of powerful forces struggling to arrive at an agreement under very difficult circumstances.

It is true that use of the arts of cultivation of public opinion often lead to excesses both in method and tone and that each side may "play to the galleries."

Yet, while Mr. Day apparently disdains propaganda as a bargaining tool, no company is more committed to it or more adept in its use than General Electric. The change in Mr. Day's own corporate responsibility from the management of union relations to the field of publicity and propaganda is an evidence of the reliance that GE places upon it.

While public discussion is healthy to make the issues clear, there does come a time in collective bargaining as in international negotiations when a "closed doors" policy, away from the hot glare of publicity, is advisable to consummate an agreement.

Mr. Day's solution for the present untidy processes of collective bargaining is stated as follows: "Management and those truly representing the employees at the bargaining table can thus not be on opposite sides. They are and must be on the same side in the search of what's right for the employees."

Therefore, he advocates in *preparation* for collective bargaining "the collection of relevant bargaining data primarily of a factual nature." He declares that the "most mature approach pos-

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A 40th ANNIVERSARY REVIEW

THE ORGANIZATION T

Though management's role grows increasingly more complex, the basic tenets evolved four decades ago by one of the pioneers of scientific management still apply today

IN THE STUDY of management organization theory today, the work of Henry Laurance Gantt continues to warrant attention. November 23, 1959 marks the fortieth anniversary of the death of this pioneer of the modern management movement. His theories of enterprise organization still have their impact on industrial practice. He saw that the key to productivity resided in the concept of organization.

Organization of technical management and of general management underscored the major emphasis of Gantt. His participation in the military preparation of the United States before and during World War I caused him to widen greatly his theories on organization; organization of industry was for the purpose of service to the community. For Gantt, the term, community, was not the immediate environment of the plant, but rather it was the total integrated economic environment of the industry in the nation.

It is a natural evolution, as one reviews Gantt's writings, to observe his preoccupation with technical management giving way to the problems of human organization. In the work of his last years, there is a parallelism between Gantt and the German management theorist, Walter Rathenau. Each developed intense interest in the industrial-economic organization of production, consumption and distribution. Where Rathenau went ahead to advance intricate plans for industrial syndicates to span western Europe, Gantt urged upon the individual enterprise a more responsible, moral and ethical management.

• Technological Organization

Initially, Henry Gantt was concerned with technological organization: the organization of workmen, their machines, tools and methods. This stage was directly the outgrowth of Gantt's association with Frederick W. Taylor. Later when Gantt branched out under his own consulting company, his concern expanded to that of total company organization, although still confined to technical management. In the last phase of his life, Gantt addressed himself to the core problem: the organization of management.

Gantt's approach to technological organization was first to secure control of operating procedures and the flow of materials through the plant; next, attention was devoted to the tight spots of the factory. These tight spots were identified as places where overtime was required due to bottlenecks of process and flow. Gantt assessed that work stoppages at these points were more frequently than not the results of faulty management planning; the whole organization was involved in any production imbalance. Therefore, management control was faulty in the area of operating procedures and unless these were first corrected and an effective

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TORY OF HENRY GANTT

by ARTHUR SVENSON

control was operative, time study and bonus work were impractical. This operational control was possible through the proper organization of resources; a management could then expect balanced production and even flow to result.

A typical Gantt method for securing technological organization was to divide and classify work as an aid in securing control. Division of work followed these two patterns: work that was routine in nature, repetitive and readily controlled in terms of quantity, quality and time; and work that was outside the routine flow where knowledge and experience were absent, all or in part.

In work of either type, organization developed as the management began to understand and assemble the manpower, equipment, materials and supplies requirements. The Gantt Chart, a graphic presentation reflecting flow organization, was developed to reflect work requirements by time schedule, and to record the progress of work, machine operation and man performance.

- **General Management Organization**

Following up the causes for imbalance in the areas of technical management led Gantt to consider the organization of general management: the need for the whole enterprise to cooperate effectively and constantly for the accomplishment of enterprise objective. Gantt recognized that the sum of organization was more than the total of the component structural parts.

The responsibility of general management was such as to require constant evaluation of organization design and purpose. Gantt began with the assumption that within any business, continuous change takes place. Any standard or pattern of organization is therefore temporary, never ultimate. Because of this, structural change and modification are required to keep the enterprise abreast of varying demands. But Gantt stressed that any management division and action, in this or any other area, must be based on relevant facts, on scientific opinions. Scientific methods of investigation were applicable to every business problem. Without this approach, organization planning is wasteful of human time and energy.

For Gantt, the concern and span of organization were the dimensions of the enterprise itself. While technical management may assure the efficiency of one or more component parts, the efficiency of the enterprise was a matter of general management organization.

- **Industrial Democracy**

It was at this point that Henry L. Gantt launched into his defense of industrial democracy as the basis for industrial organization. During the

(*Continued next page*)

period of preparation for World War I and in the war itself, Gantt observed that in the industrial world money was not the most important factor; even the largest bank account had limits. He drove home the point that industrial size was only as important as the policy which directed it.

The manpower which produced the goods and materials was more important to the nation than the wealth and comfort supplied by the product. The civilization of the nation depended on its men in the production line, and not on material wealth.

Gantt argued that for management, the human element was most important. In the last years of his life this became his central interest and inspiration. The working man, "a human unit in a living organization," was an integral part of the enterprise, not an attendant to a machine. Industrial management, if it is to reflect social values and serve social purposes, can not tolerate the exploitation of one man by another. Through organization it is the job of management alone to make the human resource of the enterprise productive.

To achieve this productivity, the business enterprise through its development and exercise of organization policy must lead and teach, not drive workingmen. Force could not be the basis for leadership: only knowledge could achieve this goal.

Based on his war period experience as consultant to the Ordnance Department, Gantt remarked how the release of creative talent supported our productivity. He advocated to industry that equal opportunity be made available to all the industrial membership. Then reward could be equitably proportioned to the service rendered by each member.

For organization to reach goals of maximum service, ability rather than favoritism or privilege had to be accented. A healthy industrial development can not otherwise result. In 1914, deeply moved by what he had seen of management-employee relations in Germany, Gantt argued his point for industrial democracy saying that the nation which would seek leadership in industrial activity must be the first to drop the practice of autonomy and special privilege.

Gantt pushed the relation between organization and industrial democracy even further. Industry could not assume to be organized and still have manpower idle or be used inefficiently; industrial organization must be predicated upon policy leading to harmony in employer-employee relations. Each loses when the employer insists upon more than he pays for, and when the employee demands excessive wages for his work.

Not only do the parties directly concerned suffer, but the public suffers as well. Gantt had seen the enormous strides towards tightening industrial organization in the war effort. He asked could not this higher level of organization morale be employed in peacetime, too?

If survival of the nation depended on an efficient and effective industrial organization, then in times of peace, industrial democracy remained equally vital and important. An ethical and moral management is not something to be called for on demand; Gantt insisted that this was a continuing requirement of organization based upon common democratic citizenship.

• Organization and Profits

Gantt proposed that industrial organization had its justification in economic activity fulfilling common wants. Regardless of who received the profits from this economic activity, the community required service first; its life depended on the goods and services it received. It was Gantt's opinion—and he viewed it with regret—that the businessman in his striving for profits had forgotten that the foundation of business activity was service to the community.

To continue to receive a share of the profits of economic activity, the businessman must render a corresponding amount of service. Therefore, the industrial enterprise must measure up to the needs of the community. Because of this requirement of service in exchange for the expectancy of profits, the industrial enterprise voluntarily assumed social responsibility. Developing an effective organization was for management the first step in the discharge of this responsibility.

At the end of World War I, Gantt saw about him a vicious circle of strikes, higher wage demands, increased prices and then more strikes. To him this was another evidence of hardship to the community resulting from disputes as to how profits were shared between employer and employee.

Organization, as Gantt envisioned it in a free market economy, should be constructed for the eventual harvest of production and service, and not for the harvest of dollars. Profit to him was an end product, a residual from the successful satisfaction of community desires. If this condition of service to the community was not met, Gantt warned that the community would make an attempt to take over industrial production and operate for its own service.

Commenting on the turmoil in Europe, Gantt noted that revolutions were more economic in nature than political, and hence could be offset by economic means only. Industry could not remain free unless it organized for community service and not for profit at the exclusion of service. By so doing, industry would support responsible, democratic citizenship.

• The Great Arc: A Summary

Henry L. Gantt moved from the mechanics to the dynamics of organization during his life's work. His civilian service in Washington during World War I as a member of the Emergency Fleet Corporation and the Shipping Board furthered his theories about the role of industry and enterprise organization in community and national life. He beheld the possibility of what might be accomplished through the systematic elimination of work — waste of manpower, materials and machines. He was dedicated to conservation.

Conservation of organizational energy in all its phases was his thesis. Organization of the business enterprise

had to be of a lean nature: tough, flexible, performance-centered, and strictly structured to achieve a simplified work flow and the elimination of overlap and duplication. Central to the problem of organization was management's responsibility for making human effort creative and effective.

Gantt early recognized that for the organization of the business enterprise, mechanics were not enough. Other ingredients were required which gave rationale to the organizational effort. Creativity, opportunity, the ideal of service and the recognition of the time continuity had to be present also. Organization was a process extending over time and space.

Organization to be enduring had to be founded on industrial democracy. Equality of opportunity, to Gantt the truest definition of democracy, recruits each individual in an organization to function at his highest possible capacity. It is the moral obligation of management to support this through organization; otherwise leaders do not emerge.

Industrial democracy, as Gantt saw it, did not mean pampering and coddling the working man. His was a hard-headed, realistic evaluation of individual effort with ideals of justice and freedom of opportunity prevailing. In Gantt there is nothing "soft"; a fair share required fair effort.

As Gantt studied the industrial scene, he called to the attention of management that the business enterprise did not live in a vacuum of competition. He saw the purpose of enterprise as rendering economic activity: a service to the community. This prerequisite of service overrode any other organizational consideration; organization must express the social responsibility of the enterprise. It follows then, that organizations reflect a legitimate use of power stemming from this authority. Should organization fail to do this, the human enterprise is answerable to the community and to the nation.

Organization, carefully structured to conserve enterprise energy and to reach common purpose, was the cornerstone of Gantt's contribution to the study of management. Only through creative human effort expressed within the bounds of organization could this common and mutual purpose be achieved. ■

sible by management and union representatives" is to "arrive at the facts, then take action that would be in the balanced best interests of all . . . We shouldn't care where the facts come from, or when. We should not be concerned with credit or face-saving. We should just want to do right."

Now no one can quarrel with these statements. But there is a considerable difference from stating noble objectives and carrying them out in practice.

For example, one and a half years prior to the 1958 negotiations, our Union proposed to General Electric that we find a means by which we could jointly determine the facts regarding employment security. Thus, when the negotiations started, we would not have to spend time on those factual matters but, as Mr. Day suggests, spend our time on determining what to do about them.

We proposed that this be done either by a joint committee of union and management or by joint selection of a panel of distinguished experts in the field, drawn from the universities.

This proposal was contemptuously rejected.

We believe that if it had been carried out in line with the fine philosophy stated by Mr. Day on this question, we could have perhaps introduced some pioneering into the handling of labor-management relations. The "ballyhoo" that Mr. Day deplores could be cut down and negotiating sessions shortened.

We also made another proposal which bears study as a means of making negotiations more productive. We proposed to GE that in view of the great interest of the communities in the results of our meetings, we should permit a person representing the Mayors of the affected cities to be present, or alternatively to tape record our sessions and make them available to interested parties. Both these suggestions were also rejected as making a "circus" of the negotiations.

Professor Selekman, as a man with practical experience, approaches this problem in a practical way. For example, he has this to say about the "politics" of the situation:

"Admittedly, the temptation to pursue the course of Boulwareism is strong. Labor leaders have to engage in a great deal of political maneuvering to get their members to accept settlements reached with management, and politics of this kind leads management to become impatient, if not cynical . . . How tempting it is to adopt Boulwareism as a strategy and thus be in a position to call the shots. Yet to do so is to imply a cynical attitude toward democracy and its capacity to develop sober, responsible leadership. In these human matters, as in strictly business ones, management must be willing to take risks."

In a publication, "Public & Employee Relations News," of October 29, 1958 on "What We Believe About Unionism," General Electric declares that it deals with some hundreds of unions.

"In the vast majority of cases," it says, "we have good, constructive relations with the union officials involved. Differences between us are normally resolved amicably to the satisfaction of all concerned. On the other hand, we have some noteworthy exceptions where the personal interest of the union officials may be apart from, and sometimes contrary to the best interests of the employees. In these cases, our differences are great (as we think under the circumstances they must be) and they are not resolved to the satisfaction of the union officials (as we think in all fairness they should not be)."

What is most striking about this statement is GE's feeling that where there are differences with the unions, these differences must be the result of evil union officials whose interests are contrary to the best interests of the employees.

In the nature of things, where both parties have a feeling of self-respect and ability to represent their people, there will arise differences that in many cases cannot easily be reconciled. We cannot, therefore, be pious and point the finger at the other as being totally and completely responsible for all the serious problems that arise.

It is this doctrine of infallibility which runs through the General Electric policy approach that is most disturbing in assessing its attitude with regard to "objectivity in collective bargaining."

How can this whole question be summed up? Certainly, it is a field for

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Internal Harmony: Its Definition For The Modern Company

IS HUMAN RELATIONS "equilibrium" important to management? Those who have learned their human relations lessons well will answer with an unequivocal "yes." It is near treason these days to deny that a happily adjusted, equilibrated organization is not ideal. The dream of human relations is internal company harmony of a sort not unlike the Platonic State.

I am not going to dispute ends with the human relations experts or the anti-human relations experts. The object of this piece is words, especially two words — equilibrium and harmony. Equilibrium has become something of a symbol in the dogma of human relations. But, as William Whyte observes in his *The Organization Man,* no one really knows what equilibrium in human relations means.

Whyte's "puzzlement" can be solved quite simply. Equilibrium as such does not mean anything in human relations. In fact, my opening question has no meaning either but as an example of the "meaningless question" which Bridgman discusses so provocatively.[1]

Pareto started it all when he borrowed the term, equilibrium, from the natural sciences and used it to describe social processes. Within carefully defined limits, the natural scientists assign precise meanings to the word. However, when the human relationists engage in wishful analogies, equilibrium becomes a rallying cry rather than a useful aid for understanding organizational relationships.

Instead of using equilibrium, why not adopt another word which will more adequately describe what goes on in a contented or discontented organization? The word I propose is *harmony*. Application of my ideas of harmony to human relations in a company is much less dangerous than trying to torture the operations of non-human sciences to fit human situations. Reasons for using harmony are set out in the four propositions which follow.

Let us return to Pareto for the first proposition. He was entranced with a law in physics which, roughly stated, says that if a system is disturbed, a tendency is present for it to come back to its original state (of equilibrium). Pareto felt that social systems are not immune to this phenomenon. Hence, he thought that social processes are reversible. But it is inconceivable for a social situation, once subjected to a change, to return or even tend to return to its *original* state. Harmony recognizes the irreversibility of social organizations changing through time. Harmony, therefore, is more realistic. It calls management's attention to the fact that social organizations, like a company, will not be the same tomorrow as they are after a change today.

The second proposition reveals that equilibrium to the natural scientist is a factual event not connected with ethical considerations. Human relationists should discard this idea. By harmony, something normative is definitely meant. A condition of harmony of objectives is *good* from the standpoint of employee satisfaction and accomplishment of company goals.

Equilibrium is an automatic tendency in a physical system. So says proposition three. If this principle is accepted by the human relationists, they will be led to think fruitlessly in an attempt to discover the secrets of "social mechanics." Harmony is not achieved automatically. Rather, it can be obtained only by management's thorough understanding of social processes and conscious administrative efforts in the practice of "good" human relations.

To many critics, equilibrium has been associated with the "group think"

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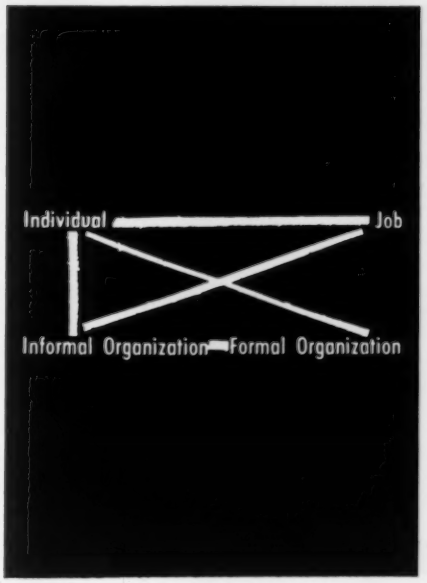
[1] P. W. Bridgman, *The Logic of Modern Physics*, (New York: The Macmillan Company, 1938), pp. 28-31. To paraphrase Bridgman, equilibrium in human relations does not have as a concept any operational significance. Hence, when one asks questions about organizational equilibrium, the questions are meaningless.

The principles of 'equilibrium' belong to the natural sciences — not within the framework of the social organization, says one expert who proposes a more fitting goal — harmony



PATTERNS OF HARMONY
Diagram illustrates relations of accord in the four areas of a company operation. Such accord creates a harmonious condition.

by WILLIAM G. SCOTT
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movement. This is the subject of the last proposition. Group Think implies that the individual should be dissolved in the group so all may gain the same level of mediocre adjustment. Harmony refers to nothing of this sort but emphasizes *diversity in unity*. The recognition of personal expression and objectives is basic to the meaning of harmony.

These four propositions show the differences between equilibrium and harmony. But both harmony and equilibrium have one thing in common conceptually. Each involves a system of mutually dependent factors. In any company, four basic factors are present. They are the individuals in the company, the jobs being performed, the informal organizations, and the formal organization or the company considered as a whole. From this observation, a definition of harmony is derived easily: *harmony is a condition in a company where there is accord among the objectives of individuals, the informal organization, jobs, and the formal organization.*

The relations of accord in the definition can be diagrammed in the simple way illustrated above. This diagram can be called the Patterns of Harmony.

Three explanations go along with the Patterns of Harmony. First, as long as human nature is as it is, perfect harmony is impossible. However, for survival reasons, accord among the above factors seems to be the rule rather than the exception for most companies.

Second, each factor on the chart has objectives which are not necessarily the same.[2] As a result, the factors' objectives can conflict or reinforce each other. The chart shows that ten possible relations exist among the four factors. Therefore, there are ten regions of internal harmony or conflict within a company. Thus, the objectives of any one factor on the chart can be disharmonious with the objectives of one other factor, two other factors, or all the other factors. But, for that matter, a factor could also be in accord with all the other factors.

Third, the Patterns of Harmony is not an automatic, problem-solving device. It is a way of thought to guide management in identifying the real causes contributing to disharmony in an organization. Even the manager with the best intentions can go astray in handling human relations problems by not recognizing the true parties at conflict.

Achieving and maintaining company harmony, of course, implies a responsibility of management. But the primary obligation for harmony rests with the line organization and not the staff. Many companies, claiming to have "human relations programs," are just attaching this name to traditional personnel functions. As a result, when the desired "equilibrium" is not forthcoming, employees are branded as ingrates.

Functional harmony requires line management to understand and apply the findings of the social sciences which can help explain employee cooperation or the lack of it. More is necessary than a well memorized set of slogans or platitudes to make harmony have operational significance. As a starter, management should have a concrete appreciation of how such matters as human motives and attitudes, status, communication, change, and the formal and informal organizations effect personality and job behavior.

By now some human relationists may say, "but the properties you assign to harmony are exactly what we mean by equilibrium." This point often is true, and when it is, the human relationists and I are one in spirit. However, even under these conditions, why confuse an already complicated situation with borrowed, ambiguous terminology? ■

[2] Except in the case of "job" and "formal organizations" where it is assumed, rightly or wrongly, that jobs no longer useful to the company are eliminated.

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Appreciation and belief in the dignity of the employee as a fellow man is basic in any management philosophy. It supersedes techniques and any purely functional principles. So say three consultants who direct managers to

THE POSITIVE VIEW OF THE HUMAN ELEMENT

by

- WILLIAM E. BROWN
- ROBERT W. HENDERSON
- RICHARD L. KAISER

"FIRST, catch a rabbit." So went the classical recipe for rabbit stew. In analogy, we propose that modern man must "First, catch a belief" as his initial step in creating a believing, trusting and enjoyable world around himself. Our contention is that managers need a *belief* that transcends and supersedes *techniques* if they are to function effectively and happily. Human values based on a fundamental belief in mankind become the bedrock foundations of fruitful managerial action.

A manager's belief in his fellow men is one of the most vital aspects of his managerial success. In fact, a manager with a minimum of talent and a maximum of belief will frequently function better than one with talent to burn and a deficiency of belief. We will describe this belief and give some evidence that points toward its basic importance as a

'MANAGERS NEED A BELIEF IN MAN THAT IS AS FIRM AS THEIR BELIEF IN PHYSICAL LAWS.'

primary factor in good business management.

What Is This Belief?

Stated simply, this belief assumes that every human being is potentially more good than evil, more likable than despicable, and more able than inept. It springs from man's eternal quest to translate his philosophical and spiritual reflections into functional concepts. In a sense, it is applying in a practical down-to-earth manner the theory and abstractions that have always puzzled man as he seeks purpose for his actions. Our belief has religious support, as stated by one church: "*We hold as central the dignity and sacredness of every human personality. . . . In him as a person all the moral ends of the universe and all the movement of God's eternal purpose find meaning and value.*"[1]

From a purely pragmatic view, the belief that man is essentially good provides a better foundation for effective living than a paranoid belief implicit in the attitudes of suspicion and distrust. It is an assumption of a faith that says in effect that any man can *become* a good citizen and a decent human being. It says simply that any man can continue "to become" in the direction of greater effectiveness and in the direction of greater realization of his talents. Such a belief colors a man's entire outlook on his world and provides a frame of reference that causes him to act differently from others who view mankind as essentially base and sinful.

Many of us have more faith in physical things than we do in our fellow men. For example, we assume that our cars will take us where we want to go, that our machines will produce the goods we need, that our chemicals will react to give us what we want. Then, when a physical reaction does not turn out as expected, we objectively seek to find out what went wrong, fix it up and go on to more efficient physical results.

Not so with man! Here the assumption appears to be that man is so complex and so unpredictable that it is fruitless to expect him to behave in any manner other than contrary. Thus, the assumption of many managers is that man is by nature irrational, selfish, erratic and unexplainable. This holds especially true for managers who are more familiar with physical science than with social science.

Belief Must Be Firm

Managers need a belief in man that is as firm as their beliefs in physical laws. Therefore, any manager should assume (through belief) that his employees are reasonable human beings who want to work, cooperate, learn and improve. Further, he must be consistent in his underlying faith or belief in humanity, its worth-whileness, its ability to overcome its faults.

In effect, he must become able to trust and believe in his fellow human beings. This is an assumption—but it must become part and parcel of his attitudinal and value systems. Furthermore, it must operate consistently and continuously. Every man has some of this faith, but we find only a very few who are able to attend to it consistently under conditions of business stress.

There is discussion today about the social conscience or the social ethic. Our belief goes further and encompasses what we like to call a social conscience that includes humanity in a broad sense and has value reference points. It places the good of the many over the good of the few. It helps a man defer immediate pleasure for the better long haul, and it stimulates him to be unselfish and considerate in a very broad "you" sense—a social "you" that transcends national boundaries. It is a social conscience that goes further than the Freudian superego. It openly admits that any man has the possibility of being more good than bad and that religious principles or their ethical counterparts are good for any individual man.

Today's manager is assailed with so many contradictory ideas of how managers should manage that he is prone to select one or two ideas that coincide with his preferences and forget the rest. He has neither the time nor the patience to be philosophically sophisticated and discriminative in terms of the broad scope of management. So we see one sales manager who leans heavily on the *brain storming* technique whenever he faces a tough sales problem.

On the other hand, we hear President Griswold of Yale[2] denouncing group effort by suggesting that Hamlet could never have been written by a committee! Our thesis is that overemphasis with the *how* (the techniques) of management comes from the lack of belief in man's potentiality and the resultant attitudes of pessimism and suspicion.

Where there is overconcern with techniques, a manager is apt to jump impetuously onto a bed of quicksand. He flounders and flails as experts shout their confusing advice. If he is able to hold out long enough, the pendulum of management fashion will swing freely through its arc. And he may well expect to hear about a new style in techniques for managing—the opposite extreme of earlier advice.

Caught In Oscillating Confusion

So the oscillation goes on, back and forth, from one extreme to the other. The terminology may vary from overconformity vs. individualism to groupmindedness vs. leadership autonomy. A manager can hardly help but reel under its impact. His search for solid ground for his managing activities will instead lead him to the quicksand of indecision where belief has been lost in the clamor of "high fashion" for managing people.

Recently, the very astute (but, we think, pessimistic) William Whyte has assailed the "social engineers" and psychological testers in his book, *The Organization Man*.[3] He actually seems to

(*Continued next page*)

[1] This We Believe, *A Statement of the Faith of the Methodists, The Annual Board of Education, The Methodist Church*, 1953.

[2] *Newsweek, June* 24, 1917, *p.* 100.

[3] *Whyte, William H., Jr.*, The Organization Man, *Simon and Schuster, Inc.*, 1956.

be saying that he does not like some of the techniques used by the social scientists. Neither do we!

For example, we are sure that some psychologists have used test scores to label and condemn men. But tests can be used to highlight strengths and weaknesses in a very constructive, optimistic and positive manner. (Parenthetically, a psychologist who believes in man's potentiality will administer and interpret tests much differently than one who regards his subjects with either cold objectivity or with suspicion and distrust.)

While Whyte suggests that the "social engineers" stay in the classroom, men like Dr. Robert N. McMurry boldly stress human relation techniques. For example, McMurry published in *Advanced Management* an article entitled, *Empathy: Management's Greatest Need*.[4] As psychologists we have no quarrel with empathy—permissive and respectful understanding is a standard counseling technique. We do challenge McMurry's assumption that empathy is management's *greatest* need and we boldly state that *belief* is the horse that should come before the *empathic* cart! In fact, we doubt that any person can have much empathy without belief, and we feel that an optimistic belief in man's goodness (or potentiality for good) sets the stage for optimum empathy.

Tools For Believing

We have observed many managers struggling to find a solid foundation in terms of a philosophy which encompasses basic principles. They want very much to have good bench marks on which to base their decisions and actions. These observations point out two factors which seem to be critical in determining whether or not a manager will be consistently effective. The first, *discrimination*, is widely recognized, yet often ignored. The second, *putting people first*, hinges upon the kind of belief we are talking about and is even more frequently ignored.

1. Discrimination in a technical sense is the intellectual ability to see different shades of gray, to make the proper decision at the right time and to be able to see differences clearly. The discriminating manager can detect when he is acting as an individualist and when he is considering people; further, he knows how much of each kind of action is good for that particular action.

   We see many examples of poor discrimination about us. For instance, in a recent television interview, a well-known actress labeled psychoanalysis as stupid because it did not work for her.[5] She showed poor discrimination, not because psychoanalysis is good or bad, but because she evaluated it solely from her own personal, selfish frame of reference.

Without ethics, without religion and without belief, men are far more likely to be exploitative, power hungry, cynical and fatalistic; witness the men in the Kremlin.

2. Our second point is more debatable. Many managers keep themselves in continuous hot water because it is difficult to *believe first in people.* Those managers who believe first in people will continue to believe in profits, quality products, efficiency, community service, etc., but they look at these things differently and their belief in people is paramount. Thus, they treat people differently, they have empathy consistently (and without phoniness), they always try to bring out the best in people, and they have a minimum of suspicion and distrust.

Belief Must Be Attended

This belief, to be useful to the manager, must be continually in the forefront of his attention. For example, a churchgoing Comptroller who professes belief in his fellow man frequently forgets to attend to this belief when discussing expense accounts with his salesmen. And these salesmen feel his inconsistency and react strongly to his suspicious attitude, which is a resultant of his inconsistency in belief.

Or consider the company president who is justifiably concerned by a temporary sales slump. This difficult problem makes him select a shortsighted course of action, (e.g., a temporary layoff), deafens him to suggestions, blinds him to more humane action possibilities, causes him to ignore other solutions offered by his staff, stifles communications and group effectiveness. Analyzing his behavior, we see that his choice of a short-range solution was made because his belief in his subordinates was temporarily put aside. In effect, he is saying, "My people cannot solve this one; I can't trust anyone else; this is one where I must take *drastic* action".

May Be Put On Shelf

Belief in man is often put on the shelf for purposes of expediency. Short-ranged managers pick up or drop their belief in people to the point of caprice, and subordinates never know where they stand. In many ways this is what Ohmann was saying is his *Skyhooks* article.[6] He said in effect that a man needs belief *seven* days a week. (This implies a consistent and persistent operating belief.)

Psychologically, the man who shelves his belief in the goodness of others can still see and hear, but for the moment he cannot feel. His needs black out his feelings for others. In our personal lives, we often see the same mechanism working. For instance, we are talking to a friend and we get the feeling we have lost him; he has become inattentive to what we are saying; he has tuned us out. This produces an *iron curtain of inattention* to the feelings of others and isolates a man from his fellows. All of us use it at times, but we see the better managers using it less—and they never let the curtain stay down too long.

Believing Behavior

Almost any belief can control what we do or say. And it determines our values and attitudes. Gordon Allport has said that what a man believes determines what he is and what he will become.[7] Thus, what we believe determines how we act, and especially so in times of crisis.

We know an executive vice-president who has examined, studied and refined his philosophy, who has reaffirmed his essential belief in man and more specifically his confidence in his own team. His faith was challenged when his president (who is also interested in the welfare of man *in the abstract*) brought pressure to bear for more "toughness" in administration. Expediency and self-protection pressured him to consider a drastic change in direction to produce end results more expeditiously. Consistency of belief, however, dictates that he must consider people first!

The effects of such action are positive,

(*Continued on page 29*)

[4] *McMurry, Robert N.*, "Empathy Management's Greatest Need", *Advanced Management, July* 1953.

[5] *Mike Wallace Program, ABC, July* 14, 1957.

[6] *Ohmann, O. A.*, Skyhooks, *Harvard Business Review, May-June*, 1955, *p.* 33.

[7] *Anderson, G. C.*, Psychiatry's influence on Religion, *Pastoral Psychology, September* 1956.

THE NEW LOOK: MANAGEMENT IN POLITICAL AFFAIRS

by ROGER L. MacBRIDE

SAM National Director of Civic Affairs

A FORMER CONGRESSMAN, now a securities broker, leaned back in his chair last year and steepled his fingers.

"You know," he said, "Jones over there has spent years in the municipal bond field and he's an expert. I know very little about municipals, and I admit it. When I need such information, I check with Jones.

"On the other hand, I spent eight years in Congress and I guess you could call me something of an expert on the subject of politics. Jones' only contact with politics has been newspapers, campaign contributions and casual acquaintances with some of the politicians in town. All the same, at the drop of a hat, he will 'reveal' to me the 'inside dope': who will be his party's nominees, which campaign strategies will work, which won't, who or what is 'behind' a political incident, and so on.

"As a matter of fact, most people are like that. Everybody thinks he is an expert on politics; I suppose it's a case of ignorance being a condition of which the ignorant are ignorant."

Perhaps partly as an aftermath of the 1958 Congressional elections, there has been a tremendous surge of interest by the business community in political affairs. For example, Clifford Backstrand, President of the Armstrong Cork Company, has said:

". . . Continuation of the present governmental climate will make it increasingly difficult for businessmen to manage their operations in the balanced best interests of customers, employees, stockholders—and the public as a whole . . . While I do not propose to chart in detail the precise means by which businessmen must become active and effective in politics—in practical grass roots politics—I am suggesting that it is vitally important for all of us to do so."

Some have gone further. Ford Motor Company's Thomas Reid has said:

". . . unless we make politics an essential part of our business, we are going to find it increasingly difficult to do business at all."

Reasons for these new attitudes are not hard to find, and doubtless need no elaboration to ADVANCED MANAGEMENT readers. Increasingly, over recent years, all units of government — local, state and national — have reached into the field of production and commerce. The manufacturer, the trader and the manager must cope with a steadily increasing flow of regulations, permissions, prohibitions and taxes. In bookwork alone, for example, the tax requirements of governments cause a very considerable expenditure of time on the part of the clerical staffs of all enterprises. The professional manager finds that the sphere of his managerial functions is steadily encroached upon by governments. The extent to which he is able to control business costs decreases as the "statutory costs of doing business," inflexibly imposed by governments, rise.

The business manager, owner or salaried, tends to question the wisdom of these trends because of their effect upon community growth and health. Inevitably, expansion of government intervention increases the price of a product and decreases the efficiency with which it is produced, transported, and sold. Such results are to the net detriment of the consumer, the jobholder and the owner unless justified by a counterbalancing benefit. Managers are beginning to inquire what those benefits may be and, to the extent that they do not exist, to investigate ways to eliminate the burdens.

In order to deal with this developing situation, the business community is engaging in an all-out effort to learn about politics, political affairs, political trends, political technique and political theories—and wisely so. Ill-considered efforts can be disastrous. Businessmen are acquiring sophistication, substituting awareness of their ignorance for the Jones attitude, and proceeding on the premise that knowledge must precede action.

To provide such knowledge, a number of institutions have developed informational material. The Chamber of Commerce of the United States and the National Association of Manufacturers offer courses acquainting corporations with party politics on the local level and there are at least two private organizations offering comparable courses.

The Society for Advancement of Management believes the problem confronting the business community is wider in scope than can be encompassed in education about party political activity. S.A.M. has developed a comprehensive course covering political and governmental affairs as related to business and whose purpose is to give a genuine understanding of political matters and motivations, together with instruction in effective techniques of dealing with these problems. These courses are available for chapter participation in the fall of 1959, and thereafter.

If its concern over increasing government intervention in the economic life of this country proves permanent rather than a fad, the business community can contribute a great deal toward the correction of unwise policies. However, if political involvement in management calls for management involvement in politics, managers must appreciate that preparedness precedes success. ■

A LABOR VIEW

(*Continued from page* 19)

considerable exploration by disinterested persons — since its solution is important to American life. No one pretends that the process is being carried out as effectively or as efficiently as possible or the end results are always in the best public interest. Neither does anybody pretend that our political affairs or internal union or management affairs are being carried out in the best way in the best of all possible worlds. We are poor struggling human beings affected by many failings, prejudices, interests, pressures.

But what is most important especially in this period of fast moving scientific, technological, social and international changes, is that we have minds that are flexible, open to new ideas in this field and not reject experimentation.

Public investigation of the facts, issues and disputes by disinterested bodies in advance of big negotiations might help to shorten the collective bargaining process and remove a considerable part from the area of controversy. The public is bombarded by both sides with statistics on wages, productivity, prices, profits, employment, unemployment. Each party naturally tries to put forward the facts most beneficial to its point of view. The public generally is in no position to judge the accuracy or truth of any statements.

A study of the collective bargaining processes might also be undertaken by students in this field—not simply by using documents but by sitting in on collective bargaining sessions. It is often not possible to get the actual flavor of what takes place unless people are physically present. Both corporations and unions should be willing to open their meetings to such serious students.

Institutes on labor relations in which representative union and corporation officials and labor experts from the universities get together in off-the-record sessions for perhaps a week or so and discuss these problems with their "hair down", honestly utilizing their experiences to see what new paths might be chartered, could be very valuable. Free from organizational loyalties, getting to treat the other as human beings with ideas that are worthy, this might produce a body of knowledge and experiences that might be extremely helpful.

We should recognize that collective bargaining does not take place in a vacuum.

The attitude with which the parties approach the bargaining table is conditioned on their past relationship — the extent of trust and confidence or, contrarywise, the suspicions and ill-will that have existed.

In a stimulating study—"Causes of Industrial Peace, Under Collective Bargaining" — the National Planning Association, a tripartite body of employers, unions and public, gives some clues that are worthy of consideration.

Examining a large number of situations where industrial peace and good relations were found to exist, the study found some nine common threads as follows:

- There is full acceptance by management of the collective bargaining process and of unionism as an institution. The company considers a strong union an asset to management.
- The union fully accepts private ownership and operation of the industry; it recognizes that the welfare of its members depends upon the successful operation of the business.
- The union is strong, responsible, and democratic.
- The company stays out of the union's internal affairs; it does not seek to alienate the workers' allegiance to their union.
- Mutual trust and confidence exist between the parties. There have been no serious ideological incompatibilities.
- Neither party to bargaining has adopted a legalistic approach to the solution of problems in the relationship.
- Negotiations are "problem-centered"—more time is spent on day-to-day problems than on defining abstract principles.
- There is widespread union-management consultation and highly developed information-sharing.
- Grievances are settled promptly, in the local plant whenever possible. There is flexibility and informality within the procedure.

In connection with point 1, the report declares that: "If management regards collective bargaining negatively as a cancerous growth on the organizational body, a variety of managerial decisions will be made in one way rather than another. The observer learns to expect to find many symptoms of conflict and unhealthy relations in a firm whenever he detects within management an underlying antagonism to collective bargaining (*no matter how disguised or rationalized*)." The emphasis is mine.

In a speech made recently to the Florida Bar Association, Mr. Boyd Leedom, chairman of the National Labor Relations Board deals also with this problem.

"I raise the question," he declared, "as to whether responsible management should in good faith accept by word and deed the principle of collective bargaining and by wholehearted cooperation with employees and the representatives of their choice take the initiative in turning the dog-eat-dog philosophy that prevails in many places between organized labor and employers into a relationship of real teamwork . . .

"In the very nature of things, management cannot expect to make unions over. Management would do well to correct its own failings in this heated area . . . It is quibbling to embrace the abstract principle of collective bargaining and then fight tooth and nail to deny it to its own employees . . .

"But many employers, and apparently some of their attorneys, seem to feel it is their God-given right to determine unilaterally what is best for their employees and that unions and the Board are usurpers of that right, which usurpation can only be met by keeping unions out at all costs . . ."

Certainly, in between the GE approach with its rigidity and assumption of infallibility and the kind of negotiations that go on endlessly relying principally on all kinds of "ballyhoo," there is a wide area for research, experimentation and study.

Collective bargaining has grown up within the framework of our national life and responds to the tone and temper of our national life. Let us by all means try to make it more productive and more constructive. But let us not try to adopt rigid policies that can only promote the kind of "class positions" that Mr. Day seems to deplore. ■

IT TAKES 3

(*Continued from page* 11)

the fact that unions will respond to a need for improving production and lowering cost when (a) jobs are at stake which cannot be easily re-created in the immediate labor market and, (b) management makes it easier for them to do so by integrating union and employee needs into overall relations. Prof. Meyers finds that the best results are achieved if the union is assured of its own security. Management avoids a "right-centered" or "contract-oriented" relation by emphasizing the dynamic process of production problems and good relations are maintained with national union representatives, as well as positive rapport with union members. The union is induced to perform a "consultative union function, rather than a defensive function." He believes that some of the values of face-to-face employer-employee relations can be preserved side by side with the formalized union procedure and the two made to serve each other.

• Open Book Policy

Meyers' case studies show a slow but genuinely progressive groping by both sides to meet each other around a table rather than on the battlefield. As management shows its good faith, by "opening its books," the union people show theirs by applying themselves to the problems as cost functions, rather than wage opportunities alone. As management brings the workers into genuine sharing of returns, the union and its members are less keen on insisting on battle as the only way to satisfy themselves that they have gotten the best deal possible. They have now been shown "how the deal is figured" and how they can help themselves by helping the employer. The union demonstrates that it will curb its demand position at the profit barrier once it is shown that the fruits of productivity will be shared. The employer in one case even went so far as to risk putting a final position on the table when the bargaining round came up. Meyers states that the union did not quite abandon the convention of asking for more than was expected. It made "bargaining proposals to meet membership instructions, but in the negotiations tended to follow the company's example." In other words, they believed him and felt secure enough to think they didn't have to pummel that extra cent out of him, but they nevertheless made gestures of contention which neither side took too seriously.

• Above the Contract

From Professor Meyers' study (as well as in many of the cases cited in the National Planning Association's *Causes of Industrial Peace Under Collective Bargaining*) the most forceful factor which emerges as a constant of successful union-management collaboration in cost-cutting and productivity improvement, is that of the building of a management-union-worker-member relationship which, while founded on contractual commitments, and recognizing oppositional positions, rises far above the partisan rituals and military stratagems that surround conventional collective bargaining. Management somehow reaches the worker by means of the union rather than in spite of it. The grievance procedure is not thought of as a protest mechanism. It becomes instead an opportunity for a joint regulatory process. In the words of the NPA study, it is "made to work as a fire prevention as well as a fire-fighting device," and "the parties use grievance settlements as a point of departure for discussion of an ever broadening range of mutual problems." To some extent there has been substituted for the union's need to win a sharing in the authorship of a joint enterprise. The problem of keeping the union strong and alive becomes part of the employer responsibility as much as plant efficiency becomes that of the employees and the union. Communication is constant between management and the union; and through the union there is easier access to the employees. The contention remains but its need is recognized. The argument is friendlier, more informed and continually measures the situation by the standards of both disputants.

In these marginal situations where jobs and members are at stake you can sometimes observe the struggle of the union between the pragmatic need to help the members by helping the business and the traditional drive to be on the attack.

One of the substantial locals with a history of intransigeant militancy in the electrical and machine field in New York State recently announced through its press and by means of rallies, that it was launching a "save jobs" program. It is interesting to note the language in which the campaign is being undertaken. The traditional vocabulary of crusading unionism is employed. The campaign is labeled a "job security" movement. The union states, "our studies have shown many plants under contract to our local are grossly mismanaged. There is enormous waste of man-hours and productive efforts. Cost control and planned production are unheard of. Faced with sharpening competition, most employers turn on their workers or move out of the area. Oftentimes, when our jobs hang in the balance, any small improvement may mean the difference between a job and the unemployment office. Employers must be forced to take steps to improve their efficiency and, thereby, our job opportunities." (And then, this acknowledgment in inverse language of the relation of cost to profits). "This is no effort by us to ignore the simple economic fact that if a small employer is to survive and our members keep their jobs, his product must be sold at higher prices than his cost of production."

This is a most interesting case study because it obviously comes out of "agonizing reappraisal." The union announced that it was undertaking the campaign with the following reservations:

- "In any shop where this campaign to eliminate waste is undertaken, the employer will be compelled to give the union guarantees that he will not move his plant out of New York City.
- At the same time, "We have set our sights for bold objectives in our 1959 negotiations for both the profitable and the marginal shops." These include no contract without the union pension plan, a fourth week paid vacation, and standardization of the union health plan in every shop. But also included among these "bold objectives" is the statement that "each shop is to be encouraged to develop its own wage pattern and fringe demands in line with local standards and shop needs."

• Union's Double Struggle

The earnest attempt to retain both the ideology and the ideographs of union inspiration by couching an economic necessity in terms of militant insistence emphasizes eloquently the struggle of the union to adapt its mission to the hard facts. The fact is that most of the membership of this union

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works in small marginal shops. The union reveals that in the last three years over 25% of its membership has lost jobs either through runaway shops or business failures. The union has evidently determined that in a surplus labor situation it must save jobs for its sake and the sake of its constituents. But it has somehow managed to make of this defensive necessity something of the militant, forward movement that it seeks to associate in the minds of workers with the image of unionism. The employer does best in a situation of this kind, to acknowledge the union's oppositional posture, but accept with constructive reciprocity, the functional possibilities of cooperation which are offered.

In the instances cited, management initiative and union response were galvanized by crisis situations. The need was for "mutual survival," to use Baake's phrase. Can management triumph over the compulsions of management prerogatives and unions over the need to prove themselves even where the business is not in a precarious state?

From our discussion a few requisites for success invite attention:

- Systems of productivity improvement and unit cost reduction should be kept from building up to bargaining table challenges.
- The union must be convinced that these methods benefit all three sides, (union, worker and employer) and that there is a good chance of convincing the worker-member of this.
- The need for change in the mode of operation and in the method of compensation must be demonstrable and carefully and intelligently demonstrated.
- Preparation for the installation of efficiency plans must be preceded by a careful exposition to the union leadership and through them to the personnel of the premise on which it is based, the considerations upon which a particular technique is chosen, and an honest solicitation of analysis from the point of view of the union and the workers. The industrial engineer who advises management that the system is to be arbitrarily imposed on either the workers or the union, and must be kept out of discussion, has simply failed to apply engineering principles to the human variables which must operate the productive machine.
- The system must be adapted to special problems which are embedded in the conventions of the shop, the interrelations of the employees and the obligations of the union. For instance, in a work force which has a traditional craft group, priding itself on its status and its skills, some account must be taken and some modifications made to avoid "job dilution" and "wage compression." To do otherwise would evoke fears and resistance and challenge the union to come to the rescue.
- The plan must be flexible enough so that problems from the point of view of both sides can be met by readjustments and modifications based upon a mutually-understood set of criteria.
- The premise that the plan will bring the greatest returns possible within the economic capabilities of the enterprise must be fortified by protections during the transitional period, setting of standards which are attainable and rewarding and conditions which are tolerable, and a demonstration that returns are not at the mercy of a genuine response to incentive.
- A continuous "problem - centered" rather than "rights-centered" mutual approach must be encouraged and maintained.
- The whole plan must be adapted to the union mechanism, give the union a legislative and administrative place in it and assure the union of its status and security.

It will be noted that there are some points at which these criteria are "political" (i.e. taking account of union leadership needs). But some of these measurements are the same as those used for both humaneness and encouragement of human responsiveness. When, for instance, improved methods reduce the number of employees in a shop, and the employer is receptive to provisions for re-training, for seniority widening, for severance pay provisions, for assistance in job-referral — he is being sensitive to the problem of the union, the problem of the workers and (to a not inconsiderable extent) his own problems.

The engineer who seeks to bring new work-behavior patterns into a plant, must take the anthropological measure of the society that lives there. A recent case which came before an arbitrator at the New York State Board of Mediation involved a wildcat strike over the employer's requirement that the workers inscribe a tally mark on a sheet of paper each time an operation was completed. The employer was flabbergasted at the attitude of these workers in flouting management rights to the extent of not being willing to make a little mark on a piece of paper. It was only after the employer appeared before the arbitrator that he explained that this was part of an inventory procedure. The shop steward, however, pointed out that a few mysterious words appeared at the top of each form. These were "standard — 149 per hour." Something soon became apparent to the arbitrator that the management had evidently regarded as irrelevant. The employees, who happened to be a foreign language group and to whom no explanation had been given, saw the whole thing as a plot (and it might very well have been) to impose a work quota on them. They saw themselves fashioning their own speed-up noose. This is an extreme but useful example of the failure of an arbitrary and uncommunicative attitude.

The union represents a valuable resource in understanding the work force. By encouraging it to change from a suspicious enemy to an understanding opponent, more is accomplished than re-conditioning the "fists-up" automatic reflex. You are also utilizing the professional unionist's sensitiveness to worker attitudes. It is the business of the union to know the sociological makeup of the group it represents. The trouble zones preoccupy the business agent and the shop steward daily. The union officers need no sociograph to locate and communicate with the unlabeled leaders, the "isolates" and the followers. Through them they produce the NLRB votes, set the boundaries for the bargaining demands and get their officers elected. Precisely because the union is so politically sensitive to workers' needs, real and imagined, it knows and understands the fears that are created by changes in conventional ways of doing jobs, by new ways of calculating wage returns, by a strange man with a clipboard and a stop watch hovering over work benches, by having to bargain over fatigue allowances and levelling rates rather than cents-per-hour-across the board (or in the case of craft differentials, being frozen into a job evaluation system that makes it

IT TAKES 3 *Continued*

possible to get increments only by across-the-board applications).

As I leave the subject, I am conscious of the difficulties of constructing the extra-contractual relationship which must somehow live within the boundaries of the collective bargaining environment. In the hope that this will not be mistaken for a commercial insert on behalf of my profession, I would like to suggest that the mechanism of mediation, ordinarily reserved for crisis bargaining in contract negotiations, would serve well as an informal avenue for improved rapprochement between union and management for productivity ends. In the examples I have cited, a strong personality on either side usually played the role of a middle man with some risks to his status or for misunderstanding as to his motives. In the course of his work, the mediator enables negotiators to present through him their greatest possibilities of adaptation to each other without risking the undermining of their search for all that is possible in gain, or their status as opponents.

Turning full circle from the collective bargaining obstacles to team work in productivity improvement which I outlined at the beginning, I believe that the future will continue to show greater possibilities for management and union cooperation for this end. The union attitude shows signs of greater receptivity to scientific management techniques, for somewhat paradoxical reasons. The rather good standard of wages enjoyed in unionized plants, coupled with the sharp curtailment in opportunities for expansion of union membership (because of restrictive laws, a bad press and the difficulty of breaking into the ever-growing white collar field) are creating a growing awareness on the part of unions of the necessity for protecting jobs and union strength. True, the growing job displacement effects of mechanization and automation seem to many union leaders part of the logic of scientific management. But they are being forced to weigh the technological displacement of a portion of the plant's work force against the possibility that the plant might otherwise shut down entirely. To keep establishments where they are and as well paying as they are, it will be necessary to contribute to their ability to be functional and profitable. The indications that we will be plagued for some time with a reservoir of unemployed (ironically, partly because of our national ability to produce more with fewer people) constitute another pressure on the union to become interested in how management is faring. This interest can be regarded by the union as a bitter and reluctant necessity, or it can be affirmatively evoked by sensitive and intelligent management. The ability of unions and management—and in some respects, their need—to maintain a dependent relationship with each other has been bolstered by the fiduciary and financial joint structures which operate insurance plans, medical plans and pensions. In my work as a mediator, I am sometimes startled to find that while a bitter strike is going on, the joint union-management trustees continue to hold regular meetings to decide on problems of welfare payments to the striking employees, and that management continues to make contributions to these funds even though no contract exists.

The variants in the economic picture are great enough to create dramatic exceptions from these generalizations, but the growing constants of greater understanding by unions of business problems, and by management of human motivations and of the institutional needs of workers' organizations are rich resources of American Unity in diversity. ■

HUMAN ELEMENT

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reassuring, unifying and, in turn, get like effects in individuals down through the organization. They are contagious! Psychologically, the principle at work states that trust earns trust, respect earns respect and confidence earns confidence.

Believing Manager

The manager who has caught this kind of belief acts in a distinctive manner:

1. He continues to believe when the chips are down even though he is under great personal stress — and everyone perceives that he believes consistently.
2. He does not ignore realism and objectivity; neither does he use them as excuses to abdicate his belief.
3. He reassigns a man who has failed on one assignment and still believes in the essential worth of that man.
4. He constantly struggles to balance the best thing for the individual with the good of the greatest number.
5. He makes his religion (or its ethical counterpart) functional and practical. In most cases his God is the essential core of his belief. He has an attitude toward his God that colors his entire life so that his behavior is governed by his basic belief.
6. His behavior toward people and problems is more consistent and conflict free because he has a frame of reference that includes a concept of what is good.

Practical Evidence Of Belief

We see many men who, in action, demonstrate their belief. They attend to the belief we are describing more often, and they seem to have the belief to a greater degree. Their belief radiates into most if not all facets of their daily life, and it is generally strong even though it may be of greater strength in one area than another.

For instance, the general manager of a metals fabricating company was faced with the alternatives of a series of wholesale firings or a reorganization of functions and people in his company. If he used the surgical knife, he could remove a lot of scar tissue and solve some very grave personnel problems. But he chose a steadier, more gradual and more "believing" approach. He treated people as individuals and gave them a chance to rectify their mistakes. With a great amount of effort he was able to salvage several key people and bring a sense of security to his organization that actually gave it a new lease on life.

Here is another instance of our belief in action. A vice-president was faced with the problem of a division head who had pilfered $8,000 from company funds. He could fire the man and collect the money from the bonding company, or he could sweat out a means of restitution and keep the employee. All evidence added up to about a 50-50 chance for rehabilitation. The vice-president took this chance. But he also provided counsel and advice for the employee, a sound and reasonable method of restitution plus an atmosphere in which the man could regain his sense of responsibility and personal pride. Three years have passed, most of the money has been paid back, and the man remains an unlabeled, useful employee—

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